

Message Text

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71

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 SS-15 NSC-05

SSO-00 NSCE-00 INRE-00 L-03 PRS-01 /048 W

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O 292133Z JUL 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 8607

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EO 11652: N/A

TAGS: EAIR, PN

SUBJECT: CIVAIR: AIR PANAMA GROUP EXCURSION FARES; CARRIER'S
FINANCIAL PROBLEMS, IBERIA INTEREST IN SELLING OUT

REF: (A) STATE 175100, (B) STATE 187730

1. FACT THAT PANAMANIAN CIVIL AVIATION APPEARS TO BE
IN A STATE OF FLUX MAKES IMPLICATIONS OF A CAB ORDER
SUSPENDING AIR PANAMA TARIFF CHANGE SOMEWHAT MORE
DIFFICULT TO EVALUATE. EMBASSY HAS RECEIVED NO RESPONSE
OR COMMENT, FORMAL OR INFORMAL, ON NOTICE OF DISSATISFAC-
TION WITH FARES (REF A) WHICH WAS TRANSMITTED BY
DIPLOMATIC NOTE JULY 15. HAVE WASHINGTON AGENCIES
RECEIVED A PANAMANIAN REQUEST FOR CONSULTATIONS ON THIS
QUESTION?

2. AN ABSENCE OF ANY SUCH REQUEST WOULD SEEM TO INDICATE
QUESTION OF GROUP EXCURSION FARES IS NOT OF SIGNIFICANT
INTEREST TO GOP. CAB ORDER MIGHT, HOWEVER, BE USED AS
PRETEXT FOR BEARING DOWN ON OTHER CIVIL AVIATION-RELATED
QUESTION, E.G., EASTERN AIRLINES CHARTER FLIGHTS TO
HOWARD AFB (PANAMA 5275) OR FABRICATED STORY REGARDING
VIOLATION OF PANAMANIAN AIR SPACE AND FIRING ON PANAMANIAN
TROOPS BY US MILITARY AIRCRAFT LANDING AT HOWARD (PANAMA
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4939). EMBASSY HAS ALSO BEEN SOMEWHAT SURPRISED BY FACT

THAT GOP HAS NOT AGAIN RAISED ENTIRE QUESTION OF AIR PANAMA ROUTES TO U.S., INCLUDING MEXICO CITY-LOS ANGELES RIGHTS, AS GOP OBJECTIVES WERE ONLY PARTIALLY MET BY AGREEMENT OF DECEMBER 1974.

3. THERE ARE INDICATION THAT AIR PANAMA'S FINANCIAL PROBLEMS HAVE BEEN CONSIDERABLY EXACERBATED BY THE REIMPOSITION OF SEVERE RESTRICTIONS BY ECUADOR ON THE CARRIER'S FLIGHTS TO AND FROM THAT COUNTRY, AND TO A LESSER EXTENT BY RESTRICTIONS IMPOSED BY PERU AS WELL. GENERAL MANAGER OF AIR PANAMA HAS WRITTEN SERIES OF ARTICLES RECENTLY PUBLISHED IN LOCAL PRESS CRITICIZING GOP POLICY OF "OPEN SKIES," I.E., RELATIVELY LIBERAL CIVIL AVIATION POLICY REGARDING ACCESS TO PANAMA BY FOREIGN CARRIERS, WHICH HE CONTENTS IS DETRIMENTAL TO PANAMA'S INTERESTS (AS WELL AS THOSE OF AIR PANAMA). A COUPLE OF SOURCES HAVE REPORTED THAT IBERIA AIRLINES NOW CONSIDERS ITS LOSSES FROM ITS INTEREST IN AIR PANAMA HAVE REACHED AN UNACCEPTABLE LEVEL, AND SO IT WANTS TO SELL OUT. WE BELIEVE THE GOP HAS NOT GIVEN UP THE IDEA OF EVENTUALLY ORGANIZING A UNIFIED NATIONAL CARRIER, PROBABLY WITH MIXED PANAMANIAN PRIVATE AND GOVERNMENT OWNERSHIP, CONSOLIDATING OPERATIONS OF AIR PANAMA, COPA, AND INAIR. WE SERIOUSLY DOUBT, HOWEVER, THAT THIS OBJECTIVE IS OF SUFFICIENT PRIORITY TO DIVERT SCARCE GOP FINANCIAL RESOURCES TO A PURCHASE OF THE IBERIA INTEREST IN AIR PANAMA AT THIS TIME. GOP IS REPORTEDLY IN THE PROCESS OF CONTRACTING FOR A STUDY OF PANAMA'S CIVIL AIR POTENTIAL, WHICH MIGHT TOUCH ON THE QUESTION OF CONSOLIDATION OF SERVICES AS WELL.

4. IN SUM, NOT MUCH WOULD BE REQUIRED TO BRING THE CIVIL AVIATION POT HERE TO A BOIL AGAIN. WE BELIEVE THIS PROBABLY WOULD BE THE CASE, HOWEVER, IRRESPECTIVE OF US ACTION CONCERNING AIR PANAMA GROUP EXCURSION FARES. THUS QUESTION SHOULD BE DECIDED ON ITS OWN MERITS, UNLESS WASHINGTON AGENCIES HAVE RECEIVED INDICATION OF PARTICULAR PANAMANIAN SENSITIVITY ON THIS MATTER.

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